

## 1998 SMALL BUSINESS PROFILE

### SMALL BUSINESS: HEART OF THE UTAH ECONOMY

The importance of small business to the state of Utah is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

**Number of Businesses** - In 1997, Utah had 47,465 businesses with employees; 96.5 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 80,000 self-employed persons in 1997.

**Small Business Income** - The income of sole proprietors and partners rose 5.4 percent to \$3.0 billion in 1997, while wage-and-salary income rose 8.4 percent. The state also exported \$3.3 billion of goods in 1997. (In 1992, 77.9 percent of the exporters in the state were small businesses.)

**Women-Owned Businesses** - According to The National Foundation for Women Business Owners, as of 1996, there were 63,400 women-owned businesses in Utah, including part-time firms, employing 115,700 people and generating \$15.8 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 95.5 percent.

**Minority Businesses** - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 75.2 percent from 1987 to 1992, totaling 354 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 82.7 percent during the same time period with 2,375 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 1,239 in 1987, to 1,746 in 1992, representing a 40.9 percent increase.

**Business Turnover** - Between 1996 and 1997, the number of new firms decreased 0.4 percent, while new business incorporations increased 16.0 percent. Financial difficulties leading to business bankruptcies increased by 47.6 percent and business failures increased by 53.7 percent.

**Finance** - An SBA Office of Advocacy study found that the number of banks in Utah increased from 44 in 1994 to 48 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
AT&T UNIVERSAL FNCL CORP	Salt Lake City
FIRST USA FNCL SVC	Murray
NUBANC CORP	Logan
ADVANTA FNCL CORP	Murray
BANK ONE UT NA	Salt Lake City
MOUNTAINWEST FNCL	Sandy
AMERICAN EXPRESS CENTURION B	Midvale

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

**Job Growth** - From 1992 to 1996, small businesses (fewer than 500 employees) created all of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	96,464	34,243	28,906	23,390	(6,098)	176,905
Manufacturing	2,976	3,972	3,185	5,008	(10,530)	4,610
Retail Trade	19,519	4,866	4,070	(231)	(900)	27,325
Services	40,942	11,838	14,590	18,241	(17,100)	68,511
Other	33,026	13,566	7,061	372	22,432	76,458

**Industries** - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in Utah, followed by Special Trade Contractors. The fastest growing industry for small business is Paper & Allied Products (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment,

1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	744,108	100.0	51.5
Health Services	8000	68,000	9.1	38.6
Business Services	7300	59,988	8.1	40.0
Eating & Drinking Places	5800	54,822	7.4	71.4
Special Trade Contractors	1700	29,727	4.0	97.8
Wholesale Trade - Durable Goods	5000	29,021	3.9	76.1

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	383,324	100.0	51.5
Eating & Drinking Places	5800	39,156	7.4	71.4
Special Trade Contractors	1700	29,083	4.0	97.8
Health Services	8000	26,219	9.1	38.6
Business Services	7300	23,977	8.1	40.0
Wholesale Trade - Durable Goods	5000	22,077	3.9	76.1

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	383,324	19,955	5.2
Paper & Allied Products	2600	401	81	20.2
Agricultural Services	700	2,853	556	19.5
Chemicals & Allied Products	2800	2,896	513	17.7
Meas., Anal., Cntr. Instr. & Photo., Med. & Opt.	3800	3,935	693	17.6
Special Trade Contractors	1700	29,083	4,070	14.0

**Sources:** Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.